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COUNTRY Korea

SUBJECT Economic Conditions in Seoul during the
Second Communist OccupationPLACE
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1. The main activity of Chinese Communist and North Korean troops in Seoul during the second occupation was the removal of goods. Although economic rehabilitation of the city was mentioned in talks, very little was done.
2. On 15 January 1951, the markets at the East Gate and Ahyon-dong were opened, although on a small scale. The same day CH'OE Ch'ang-ik* (48 76 03), chairman of the Seoul People's Committee, issued a proclamation that the North Korean Central Bank currency and the South Korean Bank of Korea currency would be used jointly at a rate of one North Korean won to ten South Korean. On 22 January, CH'OE revised the rate to 20 to 1.**
3. The people did not have much confidence in the North Korean money and preferred to do business in South Korean currency. Troops were mobilized to force the circulation of North Korean won, when merchants refused to sell goods at any rate higher than 10 to 1. Although the merchants were forced to use North Korean currency, they retaliated by doubling their prices in an attempt to preserve the original ratio. However, grain merchants still refused to sell only for North Korean won, since the farmers would not accept anything but South Korean currency for their produce. The North Korean authorities had to submit to this argument.
4. Following the occupation, prices of commodities began to rise, led by the grains. On 30 January, about 15 pounds of rice sold at 36,000 South Korean won. People were forbidden, under penalty of death, to slaughter their domestic animals, and consequently meat was sold secretly to the North Korean soldiers. A pack of foreign cigarettes sold at 10,000 to 14,000 won, but the only buyers were North Korean officers.
5. By the beginning of February, the guns of United Nations forces could be heard on the other side of the Han River. On 3 February, the people's committees took down their signs and market controls were not enforced, so that the rate of exchange declined to parity. The North Koreans accepted this rate up until the UN occupation of the city. When the inhabitants realized that United Nations troops were going to re-enter Seoul, the North Korean money became useless, since everyone was trying to obtain South Korean won.**

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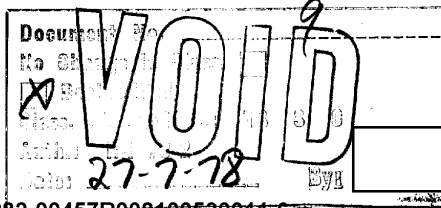
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6. After the Communist occupation of Seoul the dong (neighborhood) people's committees conducted a census between 20 and 26 January, ostensibly to enforce the food rationing policy, but actually to investigate the political inclinations of the populace and locate possible fifth column elements.
7. According to the policy of the North Korean government, those eligible for food rationing were poor farmers and city dwellers, while the petty bourgeois merchants, and landlords were excluded. Actually the plan was never put into effect. Even the employees of the people's committees who were entitled to a half pound of rice a day rarely received half that amount because the chairman of the committee often appropriated the ration for his own use. Some committees padded the census lists with dead persons' names to draw more rations. Since there was no white rice, the ration became wheat and barley.
8. The State Security Department had the most food. Their employees were issued food coupons which entitled them to eat three meals a day in a designated restaurant. The meal consisted of 250 grams of white rice and wheat.
9. Some of the North Korean government organizations employed older men and women on probation, since they did not have identification certificates. Only those who had gone north with the North Korean army in September were issued certificates.

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* Washington Comment. According to [redacted] CH^{OE} Ch^{ang}-ik was formerly the Minister of Finance of the Korean Central Labor Party.

25X1A ** [redacted] Comment. The legal rate of South Korean won directly after the United Nations occupation on 15 March was 7,000 to one United States dollar.

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